

METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE  
(Continued)

12 a. Prescribed Drugs

- (1) "Multiple Source" drugs are paid, as of 7/15/09, at the lowest of:
  - (a) AWP-14.2% + dispensing fee;
  - (b) CMS Federal Upper Limit (FUL) + dispensing fee;
  - (c) State Maximum Allowable Cost (MAC) + dispensing fee; or
  - (d) the Usual and Customary (U&C) (includes dispensing fee).
- (2) "Single-source" drugs are paid, as of 07/15/09, at the lower of:
  - (a) AWP-14.2% + dispensing fee; or
  - (b) Usual and Customary (U&C) (includes dispensing fee).
- (3) "Physician Certified as Brand Necessary" are paid, as of 07/15/09, at the lower of:
  - (a) AWP-14.2% + dispensing fee; or
  - (b) the Usual and Customary (U&C) (includes dispensing fee).
- (4) All compounded prescriptions must contain more than one ingredient, and:
  - (a) As of 07/15/09, ingredients will be priced at the lesser of AWP – 14.2%, the MAC, or the FUL (plus a dispensing fee).
  - (b) The ingredients' costs will be totaled and priced at the lesser of the calculated cost in (a) or the claim's U&C cost.
- (5) For pharmacies that are enrolled as 340B providers and are providing service to a covered entity, those prescriptions that are eligible for 340b pricing under the rules of the 340B program are paid, as of 10/1/10, at the lowest of:
  - (a) 340B acquisition cost + 340B dispensing fee; or
  - (b) AWP-14.2% + standard in-state (non-340B) dispensing fee

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Effective July 1, 2009, the dispensing fee for all fills and refills will be:

- a. \$ 4.75 for Vermont pharmacies,
- b. \$19.75 for compounded prescriptions at Vermont pharmacies,
- c. \$2.50 for out-of-state pharmacies, and
- d. \$17.50 for compounded prescriptions at out-of-state pharmacies.

Effective October 1, 2010, the dispensing fee for all fills and refills for prescriptions that are eligible for 340b pricing under the rules of the 340B program will be:

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- a. \$10.20 Vermont pharmacies,
- b. \$10.20 at out-of-state pharmacies,

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'MAC' is a commonly utilized acronym in prescription drug management, translating to 'maximum allowable cost'. MAC represents the highest price a pharmacy will be reimbursed for the dispensing of a specific dose and formulation of a generic medication when that medication is available from multiple manufacturers. The goal of MAC pricing is to establish a fair and equitable level of reimbursement for all pharmacies, while simultaneously assuring that our clients are paying the lowest possible cost for such drug products. For a MAC price to be established on any given product, there needs to be a minimum of three suppliers. This generally consists of the originator brand and at least two generic sources. MAC pricing is established through an in-depth review of the prices paid by a typical pharmacy for the generic sources of the product. From there, a MAC price is established using a formula that ensures an adequate balance of low cost to our clients, yet a reasonable profit for the dispensing pharmacy.

Our MAC list is fully updated on a quarterly basis, with mid-quarter changes routinely taking place when significant pricing changes arise or when new generics enter the market from multiple generic manufacturers. We also commit to a more expeditious and aggressive updating of our MAC list when the generic exclusivity period expires on key products. This helps to avoid any substantial lost savings opportunity that may result from delays in MAC list updating.

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